GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:734
ANSWERED ON:28.11.2005
EXPENDITURE ON PRODUCTION OF RICE/ WHEAT
Chakrabortty Shri Swadesh

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government has conducted any study on the expenditure to produce rice/wheat in one acre of land;

(b) if so, the cost incurred on production of rice and wheat, head-wise;

(c) whether the Government fixes the prices of these products after considering these expenses; and

(d) if so, the margin of profit generated from one acre of land?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a)&(b): The Directorate of Economics and Statistics, Ministry of Agriculture, collects data on cost of cultivation of selected crops through its Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops in India. Per hectare cost of cultivation and per quintal cost of production of various principal crops including paddy and wheat are estimated for selected States. Statements showing different items of cost of cultivation for paddy pertaining to crop year 2002-03 and wheat for 2003-04 for major States are given at Annexure-I and Annexure-II respectively.

(c)&(d): While recommending Minimum Support Prices (MSPs) of agricultural commodities including paddy and wheat, the Commission for Agricultural Costs and Prices, in addition to the cost of production of the relevant crops, takes into account relevant factors like trends in production and productivity of different crops across States, demand and supply situation, price trends, terms of trade between agricultural and non-agricultural sectors, need for crop diversification, resource use efficiency and food security etc.

The MSPs fixed by the Government are uniform throughout the country. The price policy seeks to ensure that the A2 + FL cost of production (actual expenses in cash and kind, including rent paid for leased-in land and the imputed value of wages of family labour) is covered by the MSPs in the high cost/less endowed States. A comparative statement showing the MSPs announced for paddy and wheat for the season 2004-05 and their costs of production in selected States along with the returns per hectare of land under the two crops are given at Annexure-III.

Annexurel

Statement referred to in part (a) & (b) of the Lok-Sabha Unstarred Question No. 734 to be answered on 28-11-2005

ITEMWISE BREAKUP OF COST OF CULTIVATION (RS. /HECTARE)

YEAR:-2002-03 CROPPADDY

ITEMS	STATES			
	PUNJAB	Haryana	U.P.	West Bengal
OPERATIONAL COST	17748.61	18544.22	11738.19	17604.03
HUMAN LABOUR				
FAMILY	2329.91	3824.04	3030.14	5041.84
ATTACHED	907.48	817.27	29.05	12.92
CASUAL	1962.54	3193.25	2329.04	4336.04
TOTAL	5199.93	7834.56	5388.23	9390.80
ANIMAL LABOUR				
HIRED	0.96	0.66	48.72	278.89
OWNED	116.20	96.72	623.47	2877.10
TOTAL	117.16	97.38	672.19	3155.99
MACHINE LABOUR				

HIRED	1311.06	1137.95	1362.51	707.33
OWNED	2087.66	985.52	151.54	2.36
TOTAL	3398.72	2123.47	1514.05	709.69
SEED	554.39	340.01	1017.73	635.49
FERTILIZER & MANURE				
FERTLIZER	2526.66	2671.85	1402.06	1532.69
MANURE	151.96	62.23	90.59	354.69
TOTAL	2678.62	2734.08	1492.65	1887.38
INSECTICIDES	1179.12	1221.83	57.87	217.88
IRRIGATION CHARGES	4149.34	3746.82	1331.59	1210.44
MISCELLANEOUS	4.10	0.00	0.00	15.69
INTT. ON WORKING CAPITAL	467.23	446.07	263.88	380.67
FIXED COSTS	11600.09	10885.40	5751.99	6312.73
RENTAL VALUE OF OWNED LAND	8135.96	7774.98	3789.64	4636.38
RENT PAID FOR LEASED-IN-LAND	1856.41	1380.89	274.92	84.61
LAND REVENUE, TAXES, CESSES	0.00	0.00	7.14	38.30
DEP. ON IMPLEMENTS & F. BLDG.	177.48	121.02	378.30	342.85
INTEREST ON FIXED CAPITAL	1430.24	1608.51	1301.99	1210.59
TOTAL COST	29348.70	29429.62	17490.18	23916.76

Annexure-II

Statement referred to in part (a) & (b) of the Lok-Sabha Unstarred Question No. 734 to be answered on 28-11-2005

ITEMWISE BREAKUP OF COST OF CULTIVATION (RS. /HECTARE)

YEAR:-2003-04 CROP-WHEAT

ITEMS	STATES		
	PUNJAB	HARYANA	U.P.
OPERATIONAL COST	10978.14	13947.88	11955.96
HUMAN LABOUR			
FAMILY	887.27	2719.40	2009.71
ATTACHED	251.30	133.65	15.47
CASUAL	899.26	1132.66	1330.26
TOTAL	2037.83	3985.71	3355.44
ANIMAL LABOUR			
HIRED	4.11	2.70	25.85
OWNED	89.04	275.68	352.27
TOTAL	93.15	278.38	378.12
MACHINE LABOUR			
HIRED	2124.26	2404.82	2436.38
OWNED	1101.68	882.04	368.12
TOTAL	3225.94	3286.86	2804.50
SEED	836.38	1004.19	1175.60
FERTILIZER & MANURE			
FERTLIZER	2699.25	2388.72	1994.83
MANURE	56.24	0.00	31.57
TOTAL	2755.49	2388.72	2026.40
INSECTICIDES	1202.30	757.57	21.60
IRRIGATION CHARGES	504.35	1906.19	1892.90
MISCELLANEOUS	16.92	0.00	0.00
INTT. ON WORKING CAPITAL	305.78	340.26	301.40
FIXED COSTS	11436.89	9632.62	7285.33
RENTAL VALUE OF OWNED LAND	6751.25	7037.40	5259.81
RENT PAID FOR LEASED-IN-LAND	2451.38	641.83	69.20
LAND REVENUE, TAXES, CESSES	0.00	0.00	8.51
DEP. ON IMPLEMENTS & F. BLDG.	284.26	272.85	452.63
INTEREST ON FIXED CAPITAL	1950.00	1680.54	1495.18
TOTAL COST	22415.03	23580.50	19241.29

Annexure-III

Statement referred to in part (c) & (d) of the Lok-Sabha Unstarred Question No. 734 to be answered on 28-11-2005

Minimum Support Price /Cost of Production/Returns in respect of Paddy and Wheat for Selected States.

Name of the crop	MSP 2004-05 (Rs./ Quintal)	Cost of Production (Rs./Quintal) Punjab C2	Punjab A2+FL	Haryana C2	Haryana A2+FL	Uttar Pradesh C2	Uttar Pradesh A2+FL	West Bengal C2	West Bengal A2+FL
Wheat	640	487.20	293.73	489.51	312.05	509.44	345.61	N.S.	N.S.
Paddy (Common)	560	442.14	287.12	630.87	430.03	462.07	327.87	555.90	425.01
Paddy (Grade-A)	590								

Return (Rs./Hectare)

Name of the crop	Punjab Gross Return	Punjab Net Return	Haryana Gross Return	Haryana Net Return	Uttar Pradesh Gross Return	Uttar Pradesh Net Return	WestBengal Gross Return	WestBengal Net Return
Wheat	15206.47	5617.95	17190.48	7753.14	12613.09	3848.39	N.S.	N.S.
Paddy	16293.65	4397.53	14797.29	1589.77	7085.77	-1036.01	5736.83	-5151.97

Note:
1.Cost of production for 2004-2005 has been projected by CACP on the basis of cost estimates pertaining to earlier year(s) and Variable Input Price Index based on Wholesale Price Index Numbers.

2. C2 Cost : Actual expenses in cash & kind, including rent paid for leased-in-land, and imputed value of wages of family labour, rent for owned land and interest on fixed capital.

3. A2 Cost : Actual expenses in cash & kind, including rent paid for leased-in-land
4. FL : Family Labour

5. Gross Return : Difference between value of output and A2 Cost of Cultivation

6. Net Return: Difference between value of output and C2 cost of Cultivation

7. Return for Paddy is based on cost of cultivation data for 200203 and for Wheat for 2003-04

8. N.S. Not covered under ` Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops in India`